

## **APPENDIX A**

### **1. EPA Statement of Work.**

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**EXPLO Systems, Inc.**  
**Minden, Webster Parish, Louisiana**

**1) Site Background**

The Explo Site is located on a portion of Camp Minden, La., in the northwestern corner of the State of Louisiana, in Webster Parish, near the town of Doyline; and is comprised of the S-line which occupies 110 acres where Explo Systems, Inc. conducted demilitarization and disposal operations. The Site also includes areas where Explo Systems, Inc. stored explosive materials including areas L-1, L-2, L-3 and L-4, which encompass approximately 216 acres, 218 acres, 276 acres, and 57 acres respectively. Camp Minden includes approximately 14,995 acres, and was formerly known as the Louisiana Army Ammunition Plant ("LAAP"). LAAP's primary function was to produce, assemble, load, and pack ammunitions. Burning and demolition activities were also performed to destroy explosives and explosive wastes generated by manufacturing of munitions. The above activities resulted in LAAP's placement on the National Priorities List in March 1989.

On January 1, 2005, the United States Army ("Army") transferred ownership of the Louisiana Army Ammunition Plant to the State of Louisiana Military Dept./National Guard ("LM/NG"), and the property was re-named Camp Minden, Louisiana. As owner of the Site property, LM/NG entered into leasing agreements with Explo Systems, Inc. ("Explo"), which allowed Explo to use the Site property and approximately 100 magazines/buildings. Explo utilized the Site property, magazines and buildings to perform activities required under demilitarization and disposal contracts (i.e., November 16, 2006 and March 24, 2010 contracts) Explo entered into with the Army. Under the March 24, 2010, contract the Army agreed to pay Explo \$2,902,500 for the demilitarization of artillery 155MM propelling charges. The contract price increased to \$8,684,722.25 on March 8, 2012, to account for the additional 155MM propelling charges demilitarization work performed by Explo.

Site investigations also show that Explo Systems Inc. utilized Site property and buildings to perform sub-contract work required under the Demilitarization and Disposal Purchase Order Agreements (i.e., August 28, 2008, and May 4, 2012) between Explo and General Dynamics-OTS ("GD-OTS"). GD-OTS served as the primary contractor under August 18, 2005, and March 17, 2011, demilitarization and disposal contracts between GD-OTS and the Army. Pursuant to work required under such agreements, M30 propellant and bombs containing tritonal (aluminum/TNT mixture) were sent to the Explo Site. Explo also utilized Site property and buildings to perform sub-contract work for Alliant Techsystems, Inc ("ATK or Alliant"). Alliant and the U.S. Army entered into a September 12, 2003 contract requiring Alliant to supply the U.S. Army with trinitrotoluene ("TNT") reclaimed from the tritonal included bombs over a 5-year period. The above contract identifies Explo as a subcontractor who reclaimed TNT from the tritonal included in the bombs. Explo's agreements (i.e., July 24, 2002, May 6, 2010) with Alliant also resulted in the shipment of nitrocellulose to the Site.

On or about February 28, 2002, Explo and the Aqualon Company (i.e., a subsidiary of Hercules Incorporated at the time) entered into a Chemical Product Sales Agreement pursuant to which Explo agreed to accept 1.5 million to 2.5 million pounds of nitrocellulose stored in 55 gallon steel and fiber drums originating from warehouses located in Parlin, New Jersey and Camden, Arkansas. The Agreement provided that Explo would convert and reuse all suitable nitrocellulose. Hercules Incorporated agreed to pay Explo an estimated \$1,500,000 to convert and re-use nitrocellulose that would have otherwise required incineration or disposal. A total of approximately 661,000 pounds of Hercules Incorporated nitrocellulose remains at the Site.

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**2) Site History**

On October 15, 2012, an explosion of a magazine and a box van trailer containing black/smokeless powder occurred at the Explo Site. The explosion of the magazine containing 124,190 of black/smokeless powder and a trailer containing 42,240 pounds of M6 propellant completely destroyed the magazine and the trailer. The explosion shattered windows in Minden, La. located approximately four miles northeast of the Site, and produced a 7,000 foot mushroom cloud. As a result of the violations observed during inspection of the explosion, the Louisiana State Police ("LSP") served a search warrant on Explo Systems, Inc. The search warrant was executed on November 27, 2012. During the search, LSP identified 9-10 million pounds of unsecured and improperly stored M6 propellant. The M6 propellant stored in 60 pound cardboard boxes, 140 pound drums, and 880 pound super sacks throughout Site buildings, hallways, and outside where it was exposed to the elements including heat which reduces the propellant stabilizers. From November 30, 2012 through December 7, 2012, people from the town of Doyline, Louisiana (i.e., approximately 400 homes) were voluntarily evacuated due to the risk of explosion from the M6 propellant, and its unsafe proximity to the human population residing in Doyline, Louisiana. From November 28, 2012, through May 2013, the LSP and Explo secured and stored the M6 propellant in magazines at the Site.

Additional investigation of the Explo Site revealed the improper storage of other materials, in addition to the M6 propellant. For example, the Army's Explosives Safety Board 2013 safety reviews show the materials stored at the Site include: 1) 128 pounds of black powder; 2) 200 pounds of Composition H6; 3) four 50-gallon drums of ammonium perchlorate; 4) two 50-gallon drums and 150 pound boxes of Explosive D (ammonium picrate); 5) 109,000 pounds of M30 propellant; 6) 320,000 pounds of Clean Burning Incendiary (CBI); 7) 661,000 pounds of nitrocellulose; 8) 1.817 million pounds of tritonal mixed with wax/tar; and 9) 15 million pounds of M6 propellant. Some of the chemicals included in the above materials include trinitrotoluene (TNT), 1,3,5- trinitrobenzene, dinitrotoluene, dibutylphthalate, nitroglycerin, cyclotrimethylenetrinitramine (RDX), and nitrocellulose. The chemicals listed above are CERCLA hazardous substances because they are either listed hazardous substances under 40 CFR §302.4, or characteristic hazardous waste under 40 CFR §261.23. These materials are known to be highly reactive according to material safety data sheets. Incompatible hazardous materials are stored in close proximity to one another. There is no stability monitoring program in place for the M6 propellant and other explosives at the Site.

Site investigations show that the hazardous materials at the Site present a significant risk of an explosion, and injury to workers and residents near the Site. The investigations show that due to the handling and unknown storage conditions of the materials, lot integrity/identity has been compromised and the stability of the materials cannot be guaranteed. In addition, materials such as nitrocellulose as stored at the Site have the ability to auto-ignite due to the degradation/aging process which leads to the

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loss of stabilizers over time. As such, the conditions at the Site and preponderant evidence show that the materials should be addressed in the near-term. Due to the volume of explosive and hazardous materials, the unknown stability of such materials, the incompatible storage of such materials, and the unsafe proximity to human populations, there is a significant threat of an explosion, and injury for workers at the Site, and residents of the town of Doyline, Louisiana.

On September 6, 2013, the Louisiana Governor declared the Site a state of emergency due to the 18 million pounds of M6 propellant and other explosives stored at the Site, and the safety risks presented to the citizens and property of the State of Louisiana.

Due to the handling and storage conditions of the hazardous materials described above, and the threat of explosion and injury to Site workers on-site and nearby residents, the LSP commenced license revocation proceedings against Explo on May 20, 2013. The LM/NG commenced eviction proceedings against Explo for delinquent rent and expenses on July 22, 2013. In addition, the United States Alcohol, Tobacco, and Firearms Bureau (ATF) issued a notice of license revocation on August 5, 2013, due to a criminal indictment pending against Explo, and the improper storage of explosives at the Site. The Webster Parish, Louisiana, District Attorney's Office issued a criminal indictment against several of Explo's executives and officers on June 10, 2013, and the criminal action is proceeding.

On August 12, 2013, Explo filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court, Western District of Louisiana, Shreveport Division, Case No.13-12046. At a September 23, 2013, hearing the U.S. Bankruptcy Court granted the Louisiana State Department of Public Safety and Corrections and LM/NG's motion to take possession of and confiscate all of Explo's explosives located at Camp Minden, and possession of all leased premises and premises where the explosives were stored. The Bankruptcy Court terminated all leases between Explo and LM/NG. On September 30, 2013, the Bankruptcy Court transferred title and ownership of the M6 and other explosives stored at Camp Minden, La., to the LM/NG.

**3) Work To Be Performed**

- a) Respondent shall conduct a removal action of the following hazardous substances, pollutants and contaminants currently stored at the Site to include:
  - i) Approximately 661,000 pounds of nitrocellulose that originated from Hercules Incorporated or the Aqualon Company; and ii) any other hazardous materials identified as materials originating from Hercules Incorporated or the Aqualon Company.
- b) In addition to on-site and off-site disposal options, Respondent shall explore and propose any and all options for sale, recycling, and/or reuse for the materials listed above in Paragraph 3.a.
- c) Respondent shall generate and provide a proposed work plan that includes, but is not limited to staffing requirements and limitations, travel/mobilization costs and requirements, necessary equipment, necessary personnel, necessary materials, availability/limitations of necessary equipment required and available materials, proposed

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disposal/recycle/reuse methods, total and itemized cost, and duration for each phase (if applicable), and timeline/schedule.

- d) Limitations concerning the volume to be disposed of should be accounted for when calculating the total cost and time required for disposal, recycling, or reusing the total volume of materials listed in 3.a. Potential limitations are:
  - i) Minimum safe distance limitations on the maximum volume of material that can be disposed of at one time;
  - ii) Limitations due to the maximum volume of material that can be disposed of each day, due to maintenance of the disposal areas or other reasons;
  - iii) Permit and/or capacity requirements/limitations for volume and/or location of disposal; and

Respondent shall provide any other limitations, qualifications, assumptions that impact the implementation of the proposed work plan. Other limitations to address may include potential limitations resulting from the activities of other parties performing removal work at the Site.

- e) Respondent shall verify and provide the availability of licensed and experienced personnel that will be available. The proposed Work Plan shall reflect compliance with State and Federal statutory requirements. Respondent shall provide their process for ensuring compliance with State and Federal statutory requirements.
- f) Respondent shall prepare a Spill and Emergency Response Contingency Plan. Respondent must implement the plan after approval by the OSC. The following items must be addressed in detail – (1) Response to spills or releases at and/or from the Site to address both the workers on-site and the public exposure, (2) Response analysis for conceivable occurrences (i.e. who and what will respond, alternative communication methods), (3) Call-down list for notification, (4) Coordination mechanism with State and local authorities.
- g) Respondent shall propose achievable milestones by which to gauge the work performed (i.e., date to initiate action, date to complete the removal of 25%, 50%, 75% of the material, completion date for the removal of all materials listed in 3.a).

**4) Work Plan and Implementation.**

- a) Within 21 days after the Effective Date, Respondent shall submit to EPA for approval a draft work plan for performing the removal action (the "Removal Work Plan") generally described in Paragraphs 3a – g. The draft Removal Work Plan shall provide a description of and an expeditious schedule for, the actions described within this Statement of Work.
- b) EPA may approve, disapprove, require revisions to, or modify the draft Removal Work Plan in whole or in part. If EPA requires revisions, Respondent shall submit a revised draft Removal Work Plan within 14 days after receipt of EPA's notification of the required

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revisions. Respondent shall implement the Removal Work Plan as approved in writing by EPA in accordance with the schedule approved by EPA.

- c) Upon approval of the Removal Work Plan, implementation of the Work will commence, in accordance with the predetermined schedule. Any additional plans, reports, or other deliverables that require EPA approval under the SOW or Removal Work Plan shall be reviewed and approved by EPA in accordance with this Paragraph.

**5) Health and Safety Plan**

Within 21 days after the Effective Date, Respondent shall submit for EPA review and comment a plan that ensures the protection of the public health and safety during performance of on-Site work in accordance with this Statement of Work. This plan shall be prepared in accordance with EPA's Standard Operating Safety Guide (PUB 9285.1-03, PB 92-963414, June 1992). In addition, the plan shall comply with all currently applicable Occupational Safety and Health Administration ("OSHA") regulations found at 29 C.F.R. Part 1910. If EPA deems that it is appropriate, the plan shall also include contingency planning. Respondent shall incorporate all changes to the plan recommended by EPA and shall implement the plan during the pendency of the removal action.

**6) Quality Assurance, Sampling, and Data Analysis**

- a) Respondent shall utilize quality assurance, quality control, and other technical activities and chain of custody procedures for all samples consistent with "EPA Requirements for Quality Assurance Project Plans (QA/R5)" (EPA/240/B-01/003, March 2001, reissued May 2006), "Guidance for Quality Assurance Project Plans (QA/G-5)" (EPA/240/R-02/009, December 2002), and subsequent amendments to such guidelines upon notification by EPA to Respondent of such amendment. Amended guidelines shall apply only to procedures conducted after such notification.
- b) Prior to the commencement of any monitoring project in accordance with this Statement of Work, Respondent shall submit to EPA for approval, a Quality Assurance Project Plan ("QAPP") that is consistent with the SOW, and the NCP. Respondent shall ensure that EPA and State regulator personnel and their authorized representatives are allowed access at reasonable times to all laboratories utilized for the implementation of this Statement of Work. In addition, Respondent shall ensure that such laboratories shall analyze all samples submitted by EPA pursuant to the QAPP for quality assurance, quality control, and technical activities that will satisfy the stated performance criteria as specified in the QAPP. Ensure that the laboratories they utilize for the analysis of samples taken in accordance with this Statement of Work perform all analyses according to accepted EPA methods. Accepted EPA methods consist of, but are not limited to, methods that are documented in the EPA's Contract Laboratory Program (<http://www.epa.gov/superfund/programs/clp/>), SW 846 "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods" (<http://www.epa.gov/epawaste/hazard/testmethods/sw846/online/index.htm>), "Standard Methods for the Examination of Water and Wastewater" (<http://www.standardmethods.org/>), 40 C.F.R. Part 136, "Air Toxics - Monitoring Methods"

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(<http://www.epa.gov/ttnamti1/airtox.html>),” and any amendments made thereto during the course of the implementation of this Statement of Work. However, upon approval by EPA, other appropriate analytical methods may be utilized, as long as: (a) quality assurance/quality control (“QA/QC”) criteria are contained in the methods and the methods are included in the QAPP, (b) the analytical methods are at least as stringent as the methods listed above, and (c) the methods have been approved for use by a nationally recognized organization responsible for verification and publication of analytical methods, e.g., EPA, ASTM, NIOSH, OSHA, etc. Respondent shall ensure that all laboratories they use for analysis of samples taken during actions performed in accordance with this Statement of Work have a documented Quality System that complies with ANSI/ASQC E4-1994, “Specifications and Guidelines for Quality Systems for Environmental Data Collection and Environmental Technology Programs” (American National Standard, January 5, 1995), and “EPA Requirements for Quality Management Plans (QA/R-2)” (EPA/240/B-01/002, March 2001, reissued May 2006), or equivalent documentation as determined by EPA. EPA may consider Environmental Response Laboratory Network (“ERLN”) laboratories, laboratories accredited under the National Environmental Laboratory Accreditation Program (“NELAP”), or laboratories that meet International Standardization Organization (ISO 17025) standards or other nationally recognized programs (<http://www.epa.gov/fem/accredit.htm>) as meeting the Quality System requirements. Respondent shall ensure that all field methodologies utilized in collecting samples for subsequent analysis performed during the course of the implementation of this Statement of Work are conducted in accordance with the procedures set forth in the QAPP approved by EPA.

- c) Upon request, Respondent shall provide split or duplicate samples to EPA and the State regulators, or their authorized representatives. Respondent shall notify EPA and the State regulators not less than 7 days in advance of any sample collection activity unless shorter notice is agreed to by EPA. In addition, EPA shall have the right to take any additional samples that EPA deems necessary. Upon request, EPA shall provide to Respondent split or duplicate samples of any samples it takes as part of EPA’s oversight of the implementation of the Work.
- d) Respondent shall submit to EPA the results of all sampling and/or tests or other data obtained or generated by or on behalf of Respondent with respect to the Site and/or the implementation of this Statement of Work unless EPA agrees otherwise.
- e) The EPA retains all of its information gathering and inspection authorities and rights, including enforcement actions related thereto, under CERCLA, RCRA, and any other applicable statutes and regulations.

**7) Post-Removal Site Control**

In accordance with the Removal Work Plan schedule, or as otherwise directed by EPA, Respondent shall submit a proposal for Post-Removal Site Control which shall include, but not be limited to: a) a Post-Site Control and Implementation Plan specifying the objectives, and who is responsible for implementation, monitoring, inspection, reporting and enforcement. Upon EPA approval, Respondent shall either conduct Post-Removal Site Control activities, or obtain a written

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commitment from another party for conduct of such activities, until such time as EPA determines that no further Post-Removal Site Control is necessary. Respondent shall provide EPA with documentation of all Post-Removal Site Control commitments. If Respondent completes the Removal Work Plan, it will have no obligation to provide any Post-Site Removal Control under the Work required and defined under Section III of this Settlement Agreement.

**8) Reporting**

Respondent shall submit a written progress report to EPA concerning the actions listed in this Statement of Work every 21st day after the date of receipt of EPA's approval of the Work Plan until completion of the work described in the work plan approved by EPA, unless otherwise directed in writing by the OSC. These reports shall describe all significant developments during the preceding period, including the actions performed and any problems encountered, analytical data received during the reporting period, and the developments anticipated during the next reporting period, including a schedule of actions to be performed, anticipated problems, and planned resolutions of past or anticipated problems.

**9) Final Report**

Within 30 days after completion of all Work described within this Statement of Work, Respondent shall submit for EPA review and approval a final report summarizing the actions taken to complete the actions described within this Statement of Work. The final report shall conform, at a minimum, with the requirements set forth in Section 300.165 of the NCP entitled "OSC Reports," and EPA Guidance (i.e., Superfund Removal Procedures: Removal Response Reporting – POLREPS and OSC Reports" - OSWER Directive No. 9360.3-03, June 1, 1994). The final report shall include a good faith estimate of total costs or a statement of actual costs incurred, a listing of quantities and types of materials removed off-Site or handled on-Site, a discussion of removal and disposal options considered for those materials, a listing of the ultimate destination of those materials, a presentation of the analytical results of all sampling and analyses performed, and accompanying appendices containing all relevant documentation generated during the removal action (e.g., manifests, invoices, bills, contracts, and permits). The final report shall also include the following certification signed by a responsible corporate official or Project Coordinator:

- i) "I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

**10) Off-Site Shipments.**

- a) Any and all shipment of hazardous substances, pollutants and contaminants from the Site to an off-Site facility must comply with Section 121(d)(3) of CERCLA, 42 U.S.C. § 9621(d)(3),

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and 40 C.F.R. § 300.440. Compliance with CERCLA Section 121(d)(3) and 40 C.F.R. § 300.440 regarding a shipment will be deemed compliant if a prior determination from EPA is obtained indicating that the proposed receiving facility for such shipment is acceptable under the criteria of 40 C.F.R. § 300.440(b). Investigation Derived Waste (IDW) from the Site may be shipped to an off-Site facility in compliance with EPA's "Guide to Management of Investigation Derived Waste," OSWER 9345.3-03FS (Jan. 1992).

- b) The shipment of any Waste Material from the Site to an out-of-state waste management facility will be permitted only if, prior to any shipment, a written notice is provided to the appropriate state environmental official in the receiving facility's state and to the OSC. This written notice requirement shall not apply to any off-Site shipments when the total quantity of all such shipments will not exceed ten cubic yards. The written notice must include the following information, if available: (1) the name and location of the receiving facility; (2) the type and quantity of Waste Material to be shipped; (3) the schedule for the shipment; and (4) the method of transportation. Respondent shall also notify the state environmental official referenced above and the OSC of any major changes in the shipment plan, such as a decision to ship the Waste Material to a different out-of-state facility. Respondent shall provide the written notice after the award of the contract for the removal action and before the Waste Material is shipped.